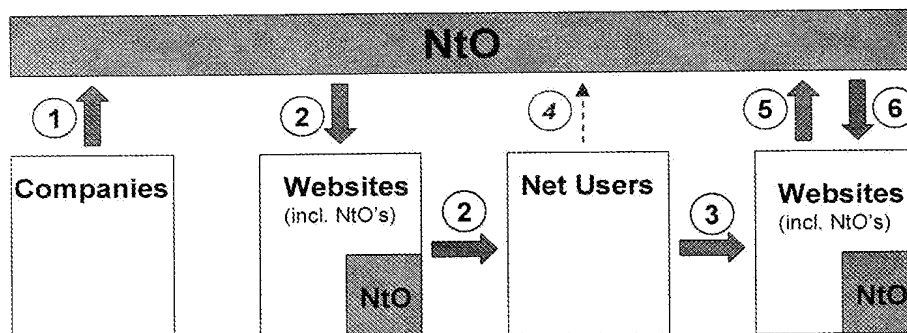


NtO Business Model



PROCESS

- | | |
|-----------------------------------------------|---------------------------------------------|
| ① Bidding Process for ads | Companies pay NtO for a given amount of ads |
| ② Delivery of ads to target segment (users) | NtO distributes Beans to users |
| ③ Users visit Websites | Users pay Websites with Beans |
| ④ NtO keeps in track users' personal accounts | |
| ⑤ Websites contact NtO | Websites send their Bean account to NtO |
| ⑥ NtO contacts Websites | NtO keeps commission and pays the Websites |

PAYMENT FLOW

Additional Information:

- 1** Companies participate to a Bid process to send their ads to their target segment during a particular hour of the day. The day is segmented in 1-hour periods. They can bid packages of 1000 ads at a time.
Example: The ad of the higher bidder of a target segment for the period 20:00 to 21:00 will be send first by NtO to the user who will want to view ads.
If the totality of ads has not been viewed during the selected period, the company will pay only the part that has been viewed.

- 2** NtO controls the delivery of the ads. When a user belonging to the target segment concerned, asks to view ads NtO sends the higher bidders' ad first, then the second bidders' ad and so on.
The amount of beans given by NtO to the user for viewing an ad depends on the users' profile.

The vehicle for the delivery of an ad is the Websites. Identification with a personal code is required in order for NtO to be able to track the "user b-account" (b- for beans). The user has two possibilities of viewing ads:

- connect to the NtO's Website and ask to view ads to collect beans.
- connect to any Website who has a contract with NtO and:
 - use beans from his account to pay for the goods or services
 - use money to pay for the subscription
 - view ads to collect beans
 - quit the URL

- 3 As mentioned above, the user can spend the accumulated beans in any of the websites that have a contract with NtO or even in the NtO Website which can also offer goods and services of any kind. Websites fix the price (in beans) of their goods and/or services.
- 4 Users can surf the net, view ads and spend their beans in different Websites at the same time. NtO, through their identification code, can track their "**user b-account**" evolution. Simultaneously, NtO updates the "**website b-account**" in order to be able to control the Websites' claims (see step 5).
- 5 In regular intervals (e.g. monthly) Websites contact NtO and claim the conversion/ payment of their accumulated beans in money.
- 6 NtO checks the "**website b-account**" against their claim, then keeps an agreed commission and makes the conversion/ payment.

Points to be further investigated:

- Timing of the collection of the commission.
- Distribution of the beans to users according to their profile.
- Days of payment from the companies and days of payment to the Websites.
- Incentives for the user to give correct data in order to create a good and realistic profile.
- Ways to check the correctness of the data given by a user. (DoubleClick, ...)

FAQ:

- Why Companies will work with us?
they can send the ad directly to their target segment and be sure that they have seen it and understand it (brand awareness).
- Why Websites will work with us?
they can keep the banners, increase business with people who prefer viewing ads rather than paying with money.
- Why Users will work with us?
they can obtain goods or service by viewing ads rather than paying with money.

VALUATION OF NtO at the beginning of 2000

Assumptions for the different scenarios

	A very bad	B bad	C average	D good	E very good
Market assumptions					
Customer base in 2000	300.000.000	300.000.000	300.000.000	300.000.000	300.000.000
Future Market Growth	20%	20%	20%	20%	20%
Other assumptions					
NtO market share for 2001	5%	6%	7%	8%	9%
Market share growth	20%	25%	30%	35%	40%
avg. hourly exposure per day	0,1	0,2	0,3	0,4	0,5
avg # of ads per hour	2	3	4	5	6
Price for a click-through	3,0	3,0	3,0	3,0	3,0
Commission on a click-through	2,3%	3,0%	4,0%	5,0%	6,0%
Revenue for a click-through	0,07	0,09	0,12	0,15	0,18
Cost of goods sold	5%	5%	5%	5%	5%
Marketing expenses	10%	10%	10%	10%	10%
Selling expenses	20%	20%	20%	20%	20%
G&A expenses	5%	5%	5%	5%	5%
Hardware & Software costs	1.000.000	1.000.000	1.000.000	1.000.000	1.000.000
Corporate taxes	40%	40%	40%	40%	40%
WACC	25%	23%	21%	19%	17%

CV = FCF(2005)/wacc

> a very pessimistic scenario for a fast growing market BUT we keep the same for all scenarios

Value of the company (\$)

	304.265.774	1.800.800.932	7.228.484.158	22.457.908.334	60.118.781.168
--	-------------	---------------	---------------	----------------	----------------

Assigned probabilities

	10%	15%	25%	30%	20%
--	-----	-----	-----	-----	-----

Average Value of the company (\$)

20.868.796.490

VALUATION OF NtO at the beginning of 2000

Scenario A: Very Bad

Survey in 1999

Click-through/impression rate	1,0% (optimistic value)
Price for 1000 impressions	30 \$ and going down
Price for a click-through	3,0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month	30.000.000.000
Click-throughs per month	300.000.000
Annual revenues	250.000.000 \$
Revenue for a click-through	0,07 \$
Commission on a click-through	2,3% assumption
Price for a click-through	3,0 \$ directly comparable to the survey, should stay the same or even increase in the future

Market assumptions

Customer base in 2000	300.000.000 internet user connexions
Future Market Growth	20% for the following 5 years

Other assumptions

NtO market share for 2001	5% user base can be obtained through an alliance
Market share growth	20% per year for the first 5 years
avg. hourly exposure per day	0,1 no change in future habits is assumed
avg # of ads per hour	2 no change in future habits is assumed
Price for a click-through	3,0 same data with DoubleClick
Commission on a click-through	2,3% same data with DoubleClick
Revenue for a click-through	0,07 same data with DoubleClick
Cost of goods sold	5% of revenues
Marketing expenses	10% of revenues
Selling expenses	20% of revenues
G&A expenses	5% of revenues
Hardware & Software costs	1.000.000 depreciated equally in 5 years

Corporate taxes	40%
WACC	25%
CV = FCF(2005)/wacc	> a very pessimistic scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	300.000.000	360.000.000	432.000.000	518.400.000	622.080.000	
Market share	5,0%	6,0%	7,2%	8,6%	10,4%	
Registered users to NtO	15.000.000	21.600.000	31.104.000	44.789.760	64.497.254	
avg. hourly exposure per day	0,1	0,1	0,1	0,1	0,1	
avg # of ads per hour	2	2	2	2	2	
Click-through per day	3.000.000	4.320.000	6.220.800	8.957.952	12.899.451	
Click-through per month	90.000.000	129.600.000	186.624.000	268.738.560	386.983.526	
Click-through per year	1.095.000.000	1.576.800.000	2.270.592.000	3.269.652.480	4.708.299.571	
Price for a click-through	3,0	3,0	3,0	3,0	3,0	
Commission on a click-through	2,3%	2,3%	2,3%	2,3%	2,3%	
Revenue for a click-through	0,07	0,07	0,07	0,07	0,07	
Revenues per month	6.300.000	9.072.000	13.063.680	18.811.699	27.088.847	
Revenues per year	76.650.000	110.376.000	158.941.440	228.875.674	329.580.970	
Cost of goods sold	3.832.500	5.518.800	7.947.072	11.443.784	16.479.048	
Marketing expenses	7.665.000	11.037.600	15.894.144	22.887.567	32.958.097	
Selling expenses	15.330.000	22.075.200	31.788.288	45.775.135	65.916.194	
G&A expenses	3.832.500	5.518.800	7.947.072	11.443.784	16.479.048	
Depreciation expense	200.000	200.000	200.000	200.000	200.000	
Expenses per year	30.860.000	44.350.400	63.776.576	91.750.269	132.032.388	
EBIT	45.790.000	66.025.600	95.164.864	137.125.404	197.548.582	
Taxes on EBIT	18.316.000	26.410.240	38.065.946	54.850.162	79.019.433	
NOPLAT	27.474.000	39.615.360	57.098.918	82.275.242	118.529.149	
plus:						
depreciation expense	200.000	200.000	200.000	200.000	200.000	
CAPEX						
FCF	27.674.000	39.815.360	57.298.918	82.475.242	118.729.149	474.916.597
NPV(FCFi)	22.139.200	25.481.830	29.337.046	33.781.859	38.905.168	155.620.670
NPV(FCF)	305.265.774					
+cash & cas equivalents						
-debt	-1.000.000					
Value of the company (\$)	304.265.774					

VALUATION OF NtO at the beginning of 2000

Scenario B: Bad

Survey in 1999

Click-through/impression rate	1,0% (optimistic value)
Price for 1000 impressions	30 \$ and going down
Price for a click-through	3,0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month	30.000.000.000
Click-throughs per month	300.000.000
Annual revenues	250.000.000 \$
Revenue for a click-through	0,07 \$
Commission on a click-through	2,3% assumption
Price for a click-through	3,0 \$ directly comparable to the survey, should stay the same or even increase in the future

Market assumptions

Customer base in 2000	300.000.000 internet user connexions
Future Market Growth	20% for the following 5 years

Other assumptions

NtO market share for 2001	6% user base can be obtained through an alliance
Market share growth	25% per year for the first 5 years
avg. hourly exposure per day	0,2 no change in future habits is assumed
avg # of ads per hour	3 no change in future habits is assumed
Price for a click-through	3,0 same data with DoubleClick
Commission on a click-through	3,0% same data with DoubleClick
Revenue for a click-through	0,09 same data with DoubleClick

Cost of goods sold	5% of revenues
Marketing expenses	10% of revenues
Selling expenses	20% of revenues
G&A expenses	5% of revenues
Hardware & Software costs	1.000.000 depreciated equally in 5 years

Corporate taxes 40%

WACC 23%

CV = FCF(2005)/wacc > a very pessimistic scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	300.000.000	360.000.000	432.000.000	518.400.000	622.080.000	
Market share	6,0%	7,5%	9,4%	11,7%	14,6%	
Registered users to NtO	18.000.000	27.000.000	40.500.000	60.750.000	91.125.000	
avg. hourly exposure per day	0,2	0,2	0,2	0,2	0,2	
avg # of ads per hour	3	3	3	3	3	
Click-through per day	10.800.000	16.200.000	24.300.000	36.450.000	54.675.000	
Click-through per month	324.000.000	486.000.000	729.000.000	1.093.500.000	1.640.250.000	
Click-through per year	3.942.000.000	5.913.000.000	8.869.500.000	13.304.250.000	19.956.375.000	
Price for a click-through	3,0	3,0	3,0	3,0	3,0	
Commission on a click-through	3,0%	3,0%	3,0%	3,0%	3,0%	
Revenue for a click-through	0,09	0,09	0,09	0,09	0,09	
Revenues per month	29.160.000	43.740.000	65.610.000	98.415.000	147.622.500	
Revenues per year	354.780.000	532.170.000	798.255.000	1.197.382.500	1.796.073.750	
Cost of goods sold	17.739.000	26.608.500	39.912.750	59.869.125	89.803.688	
Marketing expenses	35.478.000	53.217.000	79.825.500	119.738.250	179.607.375	
Selling expenses	70.956.000	106.434.000	159.651.000	239.476.500	359.214.750	
G&A expenses	17.739.000	26.608.500	39.912.750	59.869.125	89.803.688	
Depreciation expense	200.000	200.000	200.000	200.000	200.000	
Expenses per year	142.112.000	213.068.000	319.502.000	479.153.000	718.629.500	
EBIT	212.668.000	319.102.000	478.753.000	718.229.500	1.077.444.250	
Taxes on EBIT	85.067.200	127.640.800	191.501.200	287.291.800	430.977.700	
NOPLAT	127.600.800	191.461.200	287.251.800	430.937.700	646.466.550	
plus:						
depreciation expense	200.000	200.000	200.000	200.000	200.000	
CAPEX						
FCF	127.800.800	191.661.200	287.451.800	431.137.700	646.666.550	2.811.593.696
NPV(FCFi)	103.903.089	126.684.645	154.471.975	188.362.981	229.696.744	998.681.497
NPV(FCF)	1.801.800.932					
+cash & cas equivalents						
-debt	-1.000.000					
Value of the company (\$)	1.800.800.932					

VALUATION OF NtO at the beginning of 2000

Scenario C: Average

Survey in 1999

Click-through/impression rate	1,0% (optimistic value)
Price for 1000 impressions	30 \$ and going down
Price for a click-through	3,0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month	30.000.000.000
Click-throughs per month	300.000.000
Annual revenues	250.000.000 \$
Revenue for a click-through	0,07 \$
Commission on a click-through	2,3% assumption
Price for a click-through	3,0 \$ directly comparable to the survey, should stay the same or even increase in the future

Market assumptions

Customer base in 2000	300.000.000 internet user connexions
Future Market Growth	20% for the following 5 years

Other assumptions

NtO market share for 2001	7% user base can be obtained through an alliance
Market share growth	30% per year for the first 5 years
avg. hourly exposure per day	0,3 no change in future habits is assumed
avg # of ads per hour	4 no change in future habits is assumed
Price for a click-through	3,0 same data with DoubleClick
Commission on a click-through	4,0% same data with DoubleClick
Revenue for a click-through	0,12 same data with DoubleClick

Cost of goods sold	5% of revenues
Marketing expenses	10% of revenues
Selling expenses	20% of revenues
G&A expenses	5% of revenues
Hardware & Software costs	1.000.000 depreciated equally in 5 years

Corporate taxes 40%

WACC 21%

CV = FCF(2005)/wacc > a very pessimistic scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	300.000.000	360.000.000	432.000.000	518.400.000	622.080.000	
Market share	7,0%	9,1%	11,8%	15,4%	20,0%	
Registered users to NtO	21.000.000	32.760.000	51.105.600	79.724.736	124.370.588	
avg. hourly exposure per day	0,3	0,3	0,3	0,3	0,3	
avg # of ads per hour	4	4	4	4	4	
Click-through per day	25.200.000	39.312.000	61.326.720	95.669.683	149.244.706	
Click-through per month	756.000.000	1.179.360.000	1.839.801.600	2.870.090.496	4.477.341.174	
Click-through per year	9.198.000.000	14.348.880.000	22.384.252.800	34.919.434.368	54.474.317.614	
Price for a click-through	3,0	3,0	3,0	3,0	3,0	
Commission on a click-through	4,0%	4,0%	4,0%	4,0%	4,0%	
Revenue for a click-through	0,12	0,12	0,12	0,12	0,12	
Revenues per month	90.720.000	141.523.200	220.776.192	344.410.860	537.280.941	
Revenues per year	1.103.760.000	1.721.865.600	2.686.110.336	4.190.332.124	6.536.918.114	
Cost of goods sold	55.188.000	86.093.280	134.305.517	209.516.606	326.845.906	
Marketing expenses	110.376.000	172.186.560	268.611.034	419.033.212	653.691.811	
Selling expenses	220.752.000	344.373.120	537.222.067	838.066.425	1.307.383.623	
G&A expenses	55.188.000	86.093.280	134.305.517	209.516.606	326.845.906	
Depreciation expense	200.000	200.000	200.000	200.000	200.000	
Expenses per year	441.704.000	688.946.240	1.074.644.134	1.676.332.850	2.614.967.245	
EBIT	662.056.000	1.032.919.360	1.611.466.202	2.513.999.274	3.921.950.868	
Taxes on EBIT	264.822.400	413.167.744	644.586.481	1.005.599.710	1.568.780.347	
NOPLAT	397.233.600	619.751.616	966.879.721	1.508.399.565	2.353.170.521	
plus:						
depreciation expense	200.000	200.000	200.000	200.000	200.000	
CAPEX						
FCF	397.433.600	619.951.616	967.079.721	1.508.599.565	2.353.370.521	11.206.526.290
NPV(FCFi)	328.457.521	423.435.295	545.891.291	703.772.831	907.326.212	4.320.601.009
NPV(FCF)	7.229.484.158					
+cash & cas equivalents						
-debt	-1.000.000					
Value of the company (\$)	7.228.484.158					

VALUATION OF NtO at the beginning of 2000

Scenario D: Good

Survey in 1999

Click-through/impression rate	1,0% (optimistic value)
Price for 1000 impressions	30 \$ and going down
Price for a click-through	3,0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month	30.000.000.000
Click-throughs per month	300.000.000
Annual revenues	250.000.000 \$
Revenue for a click-through	0,07 \$
Commission on a click-through	2,3% assumption
Price for a click-through	3,0 \$ directly comparable to the survey, should stay the same or even increase in the future

Market assumptions

Customer base in 2000	300.000.000 internet user connexions
Future Market Growth	20% for the following 5 years

Other assumptions

NtO market share for 2001	8% user base can be obtained through an alliance
Market share growth	35% per year for the first 5 years
avg. hourly exposure per day	0,4 no change in future habits is assumed
avg # of ads per hour	5 no change in future habits is assumed
Price for a click-through	3,0 same data with DoubleClick
Commission on a click-through	5,0% same data with DoubleClick
Revenue for a click-through	0,15 same data with DoubleClick

Cost of goods sold	5% of revenues
Marketing expenses	10% of revenues
Selling expenses	20% of revenues
G&A expenses	5% of revenues
Hardware & Software costs	1.000.000 depreciated equally in 5 years

Corporate taxes 40%

WACC 19%

CV = FCF(2005)/wacc > a very pessimistic scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	300.000.000	360.000.000	432.000.000	518.400.000	622.080.000	
Market share	8,0%	10,8%	14,6%	19,7%	26,6%	
Registered users to NtO	24.000.000	38.880.000	62.985.600	102.036.672	165.299.409	
avg. hourly exposure per day	0,4	0,4	0,4	0,4	0,4	
avg # of ads per hour	5	5	5	5	5	
Click-through per day	48.000.000	77.760.000	125.971.200	204.073.344	330.598.817	
Click-through per month	1.440.000.000	2.332.800.000	3.779.136.000	6.122.200.320	9.917.964.518	
Click-through per year	17.520.000.000	28.382.400.000	45.979.488.000	74.486.770.560	120.668.568.307	
Price for a click-through	3,0	3,0	3,0	3,0	3,0	
Commission on a click-through	5,0%	5,0%	5,0%	5,0%	5,0%	
Revenue for a click-through	0,15	0,15	0,15	0,15	0,15	
Revenues per month	216.000.000	349.920.000	566.870.400	918.330.048	1.487.694.678	
Revenues per year	2.628.000.000	4.257.360.000	6.896.923.200	11.173.015.584	18.100.285.246	
Cost of goods sold	131.400.000	212.868.000	344.846.160	558.650.779	905.014.262	
Marketing expenses	262.800.000	425.736.000	689.692.320	1.117.301.558	1.810.028.525	
Selling expenses	525.600.000	851.472.000	1.379.384.640	2.234.603.117	3.620.057.049	
G&A expenses	131.400.000	212.868.000	344.846.160	558.650.779	905.014.262	
Depreciation expense	200.000	200.000	200.000	200.000	200.000	
Expenses per year	1.051.400.000	1.703.144.000	2.758.969.280	4.469.406.234	7.240.314.098	
EBIT	1.576.600.000	2.554.216.000	4.137.953.920	6.703.609.350	10.859.971.148	
Taxes on EBIT	630.640.000	1.021.686.400	1.655.181.568	2.681.443.740	4.343.988.459	
NOPLAT	945.960.000	1.532.529.600	2.482.772.352	4.022.165.610	6.515.982.689	
plus:						
depreciation expense	200.000	200.000	200.000	200.000	200.000	
CAPEX						
FCF	946.160.000	1.532.729.600	2.482.972.352	4.022.365.610	6.516.182.689	34.295.698.361
NPV(FCFi)	795.092.437	1.082.359.720	1.473.435.060	2.005.828.037	2.730.602.257	14.371.590.824
NPV(FCF)	22.458.908.334					
+cash & cas equivalents						
-debt	-1.000.000					
Value of the company (\$)	22.457.908.334					

VALUATION OF NtO at the beginning of 2000

Scenario E: Very Good

Survey in 1999

Click-through/impression rate	1,0% (optimistic value)
Price for 1000 impressions	30 \$ and going down
Price for a click-through	3,0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month	30.000.000.000
Click-throughs per month	300.000.000
Annual revenues	250.000.000 \$
Revenue for a click-through	0,07 \$
Commission on a click-through	2,3% assumption
Price for a click-through	3,0 \$ directly comparable to the survey, should stay the same or even increase in the future

Market assumptions

Customer base in 2000	300.000.000 internet user connexions
Future Market Growth	20% for the following 5 years

Other assumptions

NtO market share for 2001	9% user base can be obtained through an alliance
Market share growth	40% per year for the first 5 years
avg. hourly exposure per day	0,5 no change in future habits is assumed
avg # of ads per hour	6 no change in future habits is assumed
Price for a click-through	3,0 same data with DoubleClick
Commission on a click-through	6,0% same data with DoubleClick
Revenue for a click-through	0,18 same data with DoubleClick

Cost of goods sold	5% of revenues
Marketing expenses	10% of revenues
Selling expenses	20% of revenues
G&A expenses	5% of revenues
Hardware & Software costs	1.000.000 depreciated equally in 5 years

Corporate taxes 40%

WACC 17%

CV = FCF(2005)/wacc > a very pessimistic scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	300.000.000	360.000.000	432.000.000	518.400.000	622.080.000	
Market share	9,0%	12,6%	17,6%	24,7%	34,6%	
Registered users to NtO	27.000.000	45.360.000	76.204.800	128.024.064	215.080.428	
avg. hourly exposure per day	0,5	0,5	0,5	0,5	0,5	
avg # of ads per hour	6	6	6	6	6	
Click-through per day	81.000.000	136.080.000	228.614.400	384.072.192	645.241.283	
Click-through per month	2.430.000.000	4.082.400.000	6.858.432.000	11.522.165.760	19.357.238.477	
Click-through per year	29.565.000.000	49.669.200.000	83.444.256.000	140.186.350.080	235.513.068.134	
Price for a click-through	3,0	3,0	3,0	3,0	3,0	
Commission on a click-through	6,0%	6,0%	6,0%	6,0%	6,0%	
Revenue for a click-through	0,18	0,18	0,18	0,18	0,18	
Revenues per month	437.400.000	734.832.000	1.234.517.760	2.073.989.837	3.484.302.926	
Revenues per year	5.321.700.000	8.940.456.000	15.019.966.080	25.233.543.014	42.392.352.264	
Cost of goods sold	266.085.000	447.022.800	750.998.304	1.261.677.151	2.119.617.613	
Marketing expenses	532.170.000	894.045.600	1.501.996.608	2.523.354.301	4.239.235.226	
Selling expenses	1.064.340.000	1.788.091.200	3.003.993.216	5.046.708.603	8.478.470.453	
G&A expenses	266.085.000	447.022.800	750.998.304	1.261.677.151	2.119.617.613	
Depreciation expense	200.000	200.000	200.000	200.000	200.000	
Expenses per year	2.128.880.000	3.576.382.400	6.008.186.432	10.093.617.206	16.957.140.906	
EBIT	3.192.820.000	5.364.073.600	9.011.779.648	15.139.925.809	25.435.211.359	
Taxes on EBIT	1.277.128.000	2.145.629.440	3.604.711.859	6.055.970.323	10.174.084.543	
NOPLAT	1.915.692.000	3.218.444.160	5.407.067.789	9.083.955.485	15.261.126.815	
plus:						
depreciation expense	200.000	200.000	200.000	200.000	200.000	
CAPEX						
FCF	1.915.892.000	3.218.644.160	5.407.267.789	9.084.155.485	15.261.326.815	89.772.510.677
NPV(FCFi)	1.637.514.530	2.351.263.175	3.376.138.798	4.847.760.013	6.960.861.360	40.946.243.293
NPV(FCF)	60.119.781.168					
+cash & cas equivalents						
-debt	-1.000.000					
Value of the company (\$)	60.118.781.168					

